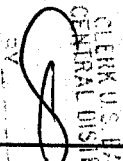


ORIGINAL

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Ronald L. Leibow, Esq., CASB 38043, 310-788-1000 Kaye Scholer LLP Fax: 310-788-1200 1999 Avenue of the Stars, Suite 1700 Los Angeles, CA 90067-6048 [Proposed] Counsel for Debtors	FOR COURT USE ONLY  <div style="text-align: right;">         03 OCT 0 14:24        CLERK U.S. DISTRICT COURT        CENTRAL DISTRICT OF CALIFORNIA     </div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: Orange Plastics, Inc.; Orange Plastics LLC; and Orange Plastics Kentucky LLC,  <div style="text-align: right;">Debtor(s).</div>	CASE NO.: LA-03-35970 (Jointly Administered with Case Nos. 03-35971 and 03-35972)

# NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: October 28, 2003	Time: 1:30 P.M.
Location: 255 E. Temple Street, Los Angeles, CA 90012; Courtroom 1368	

Type of Sale: ☒ Public ☐ Private Last date to file objections: October 24, 2003

Description of Property to be Sold: Substantially all assets of Orange Plastics, Inc. and Orange Plastics LLC

**Terms and Conditions of Sale:** Contact Ronald L. Leibow, Esq. for details

Proposed Sale Price: Contact Ronald L. Leibow, Esq. for details

Overbid Procedure (If Any): Contact Ronald L. Leibow, Esq. for details

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:  
October 28, 2003, at 1:30 P.M., 255 E. Temple Street, Los Angeles, CA 90012, Ctrm 1368  
Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Ronald L. Leibow, Esq.

Kaye Scholer LLP

1999 Avenue of the Stars, Suite 1700

Los Angeles, CA 90067-6048

Tel: (310) 788-1000; Fax: (310) 788-1200

Email: rleibow@kayescholar.com

Date: October 10, 2003

Ronald Leibow, CASB No. 38043  
 Ashleigh Danker, CASB No. 138419  
 Michael W. Scholtz, CASB No. 162630  
 KAYE SCHOLER LLP  
 1999 Avenue of the Stars, Suite 1700  
 Los Angeles, California 90067-6048  
 Telephone: (310) 788-1000  
 Telecopier: (310) 788-1200  
 [Proposed] General Insolvency Counsel for  
 Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT  
 CENTRAL DISTRICT OF CALIFORNIA  
 LOS ANGELES DIVISION

In re:	)	Case No.: LA 03-35970-VZ
ORANGE PLASTICS, INC., a California	)	(Jointly Administered with Case Nos.
corporation; ORANGE PLASTICS, LLC, a	)	LA 03-35971-VZ and LA 03-35972-VZ)
California limited liability company; ORANGE	)	Chapter 11
PLASTICS KENTUCKY, LLC, a California	)	
limited liability company	)	
Debtors.	)	<b>NOTICE OF "MOTION FOR ORDER (1)</b>
	)	<b>APPROVING SALE OF CERTAIN</b>
	)	<b>ASSETS OF ORANGE PLASTICS, LLC</b>
<u>      </u> Affects All Debtors	)	<b>AND ORANGE PLASTICS, INC. FREE</b>
<u>  X  </u> Affects Orange Plastics, Inc.	)	<b>AND CLEAR OF LIENS; AND (2)</b>
<u>  X  </u> Affects Orange Plastics, LLC	)	<b>APPROVING ASSUMPTION AND</b>
<u>      </u> Affects Orange Plastics Kentucky LLC	)	<b>ASSIGNMENT OF RELATED</b>
	)	<b>CONTRACTS AND LEASES"</b>
	)	
	)	Date: October 28, 2003
	)	Time: 1:30 p.m.
	)	Place: Courtroom 1368
	)	255 E. Temple Street
	)	Los Angeles, CA 90012

**TO THE OFFICE OF THE UNITED STATES TRUSTEE; ALL CREDITORS AND EQUITY  
 INTEREST HOLDERS; ALL PARTIES WHO HAVE EXPRESSED AN INTEREST IN  
 PURCHASING THE ASSETS OF ORANGE PLASTICS, LLC; AND OTHER PARTIES IN  
 INTEREST:**

**PLEASE TAKE NOTICE** that a hearing (the "Sale Hearing") will be held on October 28,  
 2003, at 1:30 p.m., in the United States Bankruptcy Court for the Central District of California, in  
 Courtroom 1368, located at 255 E. Temple Street, Los Angeles, California, before the Honorable  
 Vincent P. Zurzolo (the "Sale Hearing") on the "Motion for Order (1) Approving Sale of Certain  
 Assets of Orange Plastics, LLC and Orange Plastics, Inc. Free And Clear of Liens; and (2)

1 Approving Assumption and Assignment of Related Contracts and Leases.” (the “Sale Motion”) filed  
2 by Orange Plastics, Inc. (“OPT”) and Orange Plastics, LLC (“OP-LLC”), debtors-in-possession in the  
3 above-captioned chapter 11 cases (collectively, the “Debtors” or “Orange Plastics”). (None of the  
4 assets of Orange Plastics Kentucky LLC are to be sold pursuant to the Sale Motion.) Copies of the  
5 Sale Motion are available on written request to counsel for the Debtors (Kaye Scholer LLP, attn:  
6 Ashleigh Danker, Esq., 1999 Avenue of the Stars, Suite 1700, Los Angeles, California 90067-6048,  
7 Fax (310) 788-1200).

8 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Sale Motion, the Debtors seek  
9 Court approval (1) for the sale of the majority of the assets of OP-LLC, and certain patent rights and  
10 shareholder notes of OPI, free and clear of all liens and other interests to Euro Packaging LLC  
11 (“Euro”) or to any successful qualified overbidder (a “Successful Overbidder”); and (2) for the  
12 assumption by OP-LLC and OPI of related executory contracts and leases, and their assignment to  
13 Euro or a Successful Overbidder.<sup>1</sup>

14 The assets to be sold pursuant to the Sale Motion (“Assets”) are identified on Schedule A to  
15 the term sheet (“Term Sheet”) attached as Exhibit 1 to the Sale Motion. Those assets include all  
16 inventory, materials, work in progress, accounts receivable; furniture, fixtures, machinery,  
17 equipment, tools, parts, computers, office supplies, pre-paid accounts, customer lists, accounts,  
18 account information, files, records, corporate name, trade names, patents, trademarks, service marks,  
19 know-how and goodwill of OP-LLC, in which LaSalle Business Credit (“LaSalle”) asserts a first  
20 priority security interest; all patents of OPI. and three promissory notes issued by insiders of the  
21 Debtors in the cumulative current outstanding amount of approximately \$1.1 Million, payable to OPI  
22 due in 2007, as to all of which LaSalle asserts a first priority security interest.<sup>2</sup> The Assets will be  
23 sold free and clear of all liens and other interests pursuant to 11 U.S.C. § 363(f), with such liens and  
24 interests to attach to the proceeds of the sale. The Assets to be sold will exclude (i) such security

---

25  
26 <sup>1</sup> To the extent of any discrepancy between this notice and the Sale Motion (or its exhibits), the terms of the Sale  
Motion (and its exhibits) will control.

27 <sup>2</sup> Euro is presently negotiating consulting or employment contracts with certain members of management,  
28 including the obligors on the promissory notes; and one element of compensation under those contracts may be  
the satisfaction or forgiveness of the notes over an extended period.

1 deposits, prepaid insurance or utility deposits, to the extent identified in any definitive asset purchase  
2 agreement; and (ii) certain equipment identified on Schedule A, which is subject to asserted first  
3 priority purchase money security interests of lenders other than LaSalle.

4 The executory contracts and leases ( collectively, the "Contracts") that may be assumed and  
5 assigned pursuant to the Sale Motion are identified in Exhibit 2 to the Sale Motion, along with the  
6 amount of any payments required to cure defaults under the Contracts. The Contracts include (a) the  
7 leases for real property at which OP-LLC has its manufacturing facility (located at 1860 Acacia  
8 Avenue, Compton, California 90220) and the real property at which OP-LLC has its warehouse  
9 (located at 1825 Walnut Avenue, Compton, California 90220); (b) OP-LLC's interest in any leased  
10 equipment that may be designated by the purchaser and agreed to by the parties; and (c) the license  
11 of nonexclusive patent rights granted by Sonoco Developments, Inc to OPI and OP-LLC. Under the  
12 Term Sheet, Euro will designate which contracts it wishes to be assumed and assigned no later than  
13 October 14, 2003. Only those Contracts designated by Euro or a Successful Overbidder will be  
14 assumed and assigned at the closing. Except as noted on Exhibit 2, the Debtors do not believe there  
15 to be any defaults under any of the Contracts. All defaults shall be cured by payment in full in cash  
16 at or before the closing of the sale, or otherwise satisfied as may be agreed by the Debtors, Euro or  
17 the Successful Overbidder, and the contracting party or parties. Any entity that contends that it is  
18 entitled to payment of a cure amount, other than as listed on Exhibit 2, must file and serve a written  
19 objection to the Sale Motion, which objection shall include the asserted amount that must be cured as  
20 a condition to assumption and assignment of the Contract at issue, as well as any evidence  
21 supporting such assertion, so as to be received by the counsel for the Debtors, counsel for LaSalle  
22 and counsel for Euro by the deadline for objections set forth below. The failure to file and serve a  
23 timely objection setting forth the asserted cure amount shall be deemed to be a waiver of any  
24 contention that the Debtors are obligated to make such a cure payment.

25 After many months of efforts at marketing the business, including direct contacts with some  
26 76 potential buyers, circulation of confidential information memoranda, and conducting  
27 presentations and tours for interested parties, OP-LLC and its financial advisors, Greif & Co., have  
28 identified Euro as an appropriate purchaser of the Assets and negotiated the terms of a sale. OPI,

1 OP-LLC and Euro have entered into an agreement set forth on the Term Sheet. In general, the Term  
2 Sheet provides as follows:

- 3 • Euro will pay a total purchase price, subject to adjustment, for the Assets and  
4 Contracts of \$9,630,000, comprising (i) the cash deposit of \$500,000 described below; (ii) an  
5 additional \$4,930,000 cash to be paid on closing, and (ii) a promissory note in the amount of  
6 \$4,200,000. The purchase price will be adjusted based on the difference between the book  
7 value of accounts receivable and inventory on the petition date and that on the closing date.
- 8 • The promissory note will bear interest at a rate equal to the prime rate plus 2.25% per  
9 annum, and will require four payments at 30-day intervals each in the amount of \$1,050,000  
10 plus accrued and unpaid interest, beginning 30 days following the closing. The note will be  
11 secured by a first priority lien on all of the Assets.
- 12 • Euro will make a cash deposit ("Deposit") of \$500,000 with counsel for the Debtors,  
13 to be paid upon the execution of a definitive asset purchase agreement on or prior to October  
14 10, 2003. If a sale to Euro is consummated, the Deposit will be paid towards the purchase  
15 price at the closing. The Deposit will be returned at the time set forth in the Term Sheet only  
16 in the event that there is a Successful Overbidder at the Sale Hearing who acquires all of the  
17 Assets; or if an order is not entered into on or before October 31, 2003, or the order does not  
18 become final by December 2, 2003, and the parties have terminated the transaction; or if the  
19 sale is not consummated for a reason other than a breach by Euro. In certain circumstances  
20 described as more particularly in the Term Sheet, a portion of the Deposit not to exceed  
21 \$250,000 shall be paid to LaSalle if Euro terminates the transaction.
- 22 • At the closing Euro will deliver to the Debtors cash sufficient to satisfy any and all  
23 sales taxes on the sale of the Debtors' equipment imposed by the State of California or any  
24 other governmental entity, and will provide evidence that it holds a resale permit from all  
25 appropriate taxing authorities.
- 26 • Euro will continue to employ all of OP-LLC's employees at and immediately after the  
27 closing of the sale (provided that continued employment thereafter is not guaranteed), and  
28 will assume any liability under the WARN Act.

1 • In recognition of the costs and efforts Euro has expended in connection with the  
 2 proposed sale, in the event that there is a Successful Overbidder at the Sale Hearing, Euro  
 3 will be paid a break-up fee of \$200,000 when the Seller's right to apply the deposit of the  
 4 Successful Overbidder has fully vested.

5 • Euro shall complete its due diligence prior to October 14, 2003.

6 The Debtors anticipate that a more detailed contract (the "Asset Purchase Agreement") will  
 7 be completed by approximately October 14, 2003, or in any event no later than ten (10) days prior to  
 8 the Sale Hearing. When it is completed, copies of the Asset Purchase Agreement will be available  
 9 on written request to counsel for the Debtors (Kaye Scholer LLP, attn: Ashleigh Danker, Esq., 1999  
 10 Avenue of the Stars, Suite 1700, Los Angeles, California 90067-6048, Fax (310) 788-1200).

11 **PLEASE TAKE FURTHER NOTICE** that on October 8, 2003, the Debtors filed an  
 12 emergency motion (the "Procedures Motion") requesting, among other things, that the Court approve  
 13 detailed procedures (the "Bidding Procedures") governing the conduct of the Sale Hearing. The  
 14 Procedures Motion is set for hearing by the Court on October 16, 2003 at 9:30 a.m. If the Court  
 15 grants the Procedures Motion, the procedures described below will apply to the Sale Hearing. (If the  
 16 Court approves alternate Bidding Procedures, the Debtors will provide such notice of the alternate  
 17 procedures as may be directed by the Court.)

- 18 • Auction Date. An auction sale will be conducted by the Bankruptcy Court at the Sale  
 19 Hearing, at the time and place set forth above.
- 20 • Qualification of bidders. Any person wishing to bid at the Sale Hearing, other than Euro,  
 21 must be qualified *in advance* as a bidder by complying with all of the following requirements,  
 22 as set forth in more detail in the Bidding Procedures:
- 23 a. The bidder must submit a written statement to counsel for Orange Plastics and  
 24 counsel for LaSalle, so that it is received no later than 4:00 p.m. (Pacific Time) on  
 25 October 23, 2003 (the third court day prior to the Sale Hearing).
  - 26 b. The written statement must set forth the bidder's acknowledgment of the terms of the  
 27 Sale Motion, including the Bidding Procedures, and include the bidder's agreement to  
 28 be bound by those terms, subject to any modification thereof approved by the

1 Bankruptcy Court.

- 2 c. The written statement must set forth the bidder's agreement to be bound by an asset  
3 purchase agreement including the same terms as, or terms more favorable to the  
4 Debtors than, those contained in the Term Sheet and Asset Purchase Agreement, and  
5 specify the terms which will be more favorable to the Debtors.
- 6 d. The written statement must provide that bidder shall also deliver to Orange Plastics at  
7 the closing cash in the amount necessary to satisfy any and all sales taxes on sale of  
8 the equipment that may arise in connection with the transaction. The written  
9 statement must be accompanied by evidence that the bidder holds a resale permit from  
10 all appropriate taxing authorities.
- 11 e. The written statement must provide that the bidder will continue to employ all of OP-  
12 LLC's employees at and immediately after the closing of the sale (provided that  
13 continued employment thereafter is not guaranteed), and will assume any liability  
14 under the WARN Act.
- 15 f. The written statement must be accompanied by evidence sufficient to satisfy Orange  
16 Plastics and LaSalle of the bidder's financial ability to close the sale and satisfy any  
17 note obligations proposed by the bidder.
- 18 g. The written statement must be accompanied by a certified check in the amount of  
19 \$500,000, which will be retained as a non-refundable deposit towards the sale price in  
20 the event the bidder becomes the Successful Overbidder at the Sale Hearing; but  
21 which otherwise will be returned following the Sale Hearing.
- 22 • Initial Overbid and Bid Increment. The initial overbid at the Sale Hearing must provide for a  
23 purchase price for the Assets that is at least \$9,930,000 before adjustments (i.e., \$300,000 or  
24 more than the purchase price as described in the Term Sheet). Subsequent bids shall be in  
25 increments of at least \$25,000 cash. The price shall be paid in cash, or upon approval of the  
26 bidder's creditworthiness and financial ability by Orange Plastics and LaSalle, may include a  
27 promissory note for a portion of the purchase price not to exceed \$4,200,000.
- 28 Any person wishing to bid for the Assets should review and comply with all Bidding Procedures set

1 forth in the Procedures Motion, or such alternate procedures as may be specified by the Court upon  
2 hearing of the Procedures Motion. A copy of the Procedures Motion is available on written request  
3 from counsel for the Debtors (Kaye Scholer LLP, attn: Ashleigh Danker, Esq., 1999 Avenue of the  
4 Stars, Suite 1700, Los Angeles, California 90067-6048, Fax (310) 788-1200).

5 **PLEASE TAKE FURTHER NOTICE** that in the event that there are no Qualified Bidders  
6 other than Euro at the Sale Hearing, the Debtors will request that the Court forego the auction and  
7 approve the sale of Assets and assumption and assignment of Contracts to Euro on the terms set forth  
8 in the Term Sheet and Asset Purchase Agreement.

9 **PLEASE TAKE FURTHER NOTICE** that in light of the limited funds available for the  
10 Debtor's operations, the Court has been requested to except any order granting the Sale Motion from  
11 the otherwise applicable 10-day stays of FRBP 6004(g) and 6006(d), so that the closing can take  
12 place as soon as possible.

13 **PLEASE TAKE FURTHER NOTICE** that pursuant to order of the Bankruptcy Court, any  
14 opposition to the Sale Motion shall be in writing and shall be filed with the Bankruptcy Court (with a  
15 courtesy copy delivered to the Judge Zurzolo's chambers), and served on counsel for Orange Plastics  
16 (Kaye Scholer LLP, attn: Ronald L. Leibow, Esq., 1999 Avenue of the Stars, Suite 1700, Los  
17 Angeles, California 90067-6048, Fax: (310) 788-1200); counsel for LaSalle (Gary Samson, Esq.  
18 Jenkins & Gilchrist, LLP, 55 South Lake Avenue, Suite 650, Pasadena, California 91101-4928, Fax  
19 (626) 304-9711), and counsel for Euro (Joseph A. Foster, Esq., McLane, Graf, Raulerson &  
20 Middleton, Professional Association, 900 Elm Street, Box 326, Manchester, New Hampshire 03105,  
21 Fax: (603) 625-5650), so as to be received no later than **October 24, 2003**. Any reply to such

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///



1 opposition shall be filed with the Court and served on the opposing party and the counsel listed  
2 above, so that it is received no later than October 27, 2003. Failure to timely file and serve written  
3 opposition to the Sale Motion may be deemed by the Court to constitute consent to the proposed sale  
4 and to the assumption and assignment of Contracts to Euro or a Successful Overbidder, and to the  
5 other relief requested through the Sale Motion.

6  
7 Dated: October 10, 2003

KAYE SCHOLER LLP

8  
9 By: 

Ronald L. Leibow

Proposed Counsel for Debtors-in-Possession